

Land Reform Commission - 2020.

1. Financial Statements

1.1 Disclaimer of Opinion

The audit of the financial statements of the Land Reform Commission for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be tabled in Parliament appear in this report.

I do not express an opinion on the accompanying financial statements of the Commission. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Disclaimer of Opinion

My opinion is disclaimed based on the matters described in Paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my disclaimer of opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Commission is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

1.4 Scope of Audit (Auditor’s Responsibilities for the Audit of the Financial Statements)

My responsibility is to conduct an audit of the Commission’s financial statements in accordance with Sri Lanka Auditing Standards and to issue an auditor’s report. However because of the matters described in the Basis for Disclaimer of Opinion section, I was not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.5 Audit Observations on the Preparation of Financial Statements

1.5.1 Non-compliance with Sri Lanka Public Sector Accounting Standards

	Non-compliance with Reference to the Relevant Standard	Comment of the Management	Recommendation
(a)	In terms of Section 48 of Sri Lanka Public Sector Accounting Standard 01, assets and liabilities, and revenue and expenses shall not be offset unless required or permitted by the standards. Nevertheless, in accounting for income received for the leased lands, a balance of Rs. 8,635,559 of the Receivable Lease Income Account had been offset to the Lease Income Account and details on the relevant adjustment had not been presented even by notes to the accounts.	Agreed. According to the information provided by the Revenue Division at the end of the year, the amount of Rs. 8,635,559 was stated to rectify understating the lease income by Rs. 8,635,559 in the Lease Income Account that had been received in the year 2020 relating to preceding years.	In offsetting values between accounts, Section 48 of the Sri Lanka Public Sector Accounting Standards should be followed.
(b)	In terms of Section 39 of Sri Lanka Public Sector Accounting Standard 03, the revision of an estimate does not relate to prior periods. However, according to the provision for gratuity calculated as at 31 December of the year under review, the profit had been understated by Rs. 181,635,810 in the financial statements due to adjusting overprovision of Rs. 187,905,904 to the profit of the previous year and an expenditure of Rs. 6,270,095 to the profit of the year under review.	Agreed. Arrangements have been made to rectify these errors in the preparation of financial statements for the year 2021.	Relevant errors should be corrected in the preparation of financial statements for the year 2021.
(c)	According to Section 47 of Sri Lanka Public Sector Accounting Standard 03, the prior period errors should be corrected retrospectively. Nevertheless, due to	Agreed. Arrangements have been made to rectify these errors in the preparation of	Relevant error should be corrected in the preparation of financial

accounting for land rent income totalled Rs. 108,388,478 of the preceding years as an income relating to the year under review, profit of the year under review had been overstated that amount. financial statements for the year 2021. statements for the year 2021.

1.5.2 Accounting Deficiencies

----- Audit Observation -----	----- Comment of the Management -----	----- Recommendation -----
(a) Due to the errors such as overstating interest income relating to the year under review by Rs. 37,194,054, annual gratuity expenses by Rs.89,184,312 and indicating an increase in the liability of Rs.673,010 stated in correcting errors as a cash inflow, cash flow from operating activities had been overstated by Rs.127,051,376. Accordingly, accuracy of the preparation of cash flow statement could not be established in audit.	Agreed. Arrangements have been made to rectify this error in the preparation of financial statements for the year 2021.	Only the actual cash inflows and outflows should be included in the cash flow statement.
(b) In terms of Land Reform Law No.01 of 1972, balances of Rs.215,914,519 existed in the suspense accounts relating to compensations (Stage-I and II) to be paid for the lands acquired from plantation companies had not been settled even by the end of the year under review and a brief description on the nature of the liability had not been disclosed by notes to the account.	After determining the compensation, this amount has been allocated to pay compensations to the persons and companies that declared lands under the first stage and to the public companies acquired under the second stage, and allocations are expected to be released after making requests. This amount has also been retained to settle the liabilities (gratuity, labour payments etc.) of the public companies.	Balance should be settled by completing the payment of compensations and action should be taken to indicate the nature of the liability through the notes to the accounts.
(c) Although Rs. 53,529,818 out of receivable land lease rent and the surcharge levied thereon had been written off during the year under review, relevant impact had been adjusted to the profit of the preceding year without being stated as an expenditure relating to	The Cabinet Paper bearing No. 6/2020 had been presented together with the report of the committee appointed as per the Cabinet Note dated 02.12.2019 to formulate simple and convenient method for the collection of lease rent and approval has been granted to implement the proposals from 3.1 to	Writing off of lease rent and surcharge should be stated as an expenditure of the relevant year and relevant approval should

the operating activities. As such, the profit for the year under review had been overstated by that amount. Further, the authority of the Secretary to the Treasury had not been obtained for the above writing off in terms of provisions in F.R.113 as amended by Public Finance Circular No.1/82020 dated 28 August 2020.

3.10 of that report in collaboration with the officials concerned. The implementation of these decisions approved by the Cabinet of Ministers has been approved at the 739th meeting of the Commission held on 23.10.2020.

be obtained prior to writing off of receivables.

Accordingly, 10 per cent penalty for interest receivable up to 31.12.2019 has been adjusted against the profit of the preceding year in the final account returns.

Further, 90 per cent of the lease rent of first five years relating to the lands provided for the industrial estates stated in the Circular No. 2019/3 dated 24.12.2019 issued by the Commissioner General of Lands has been adjusted as tax relief.

As the relevant money has already been paid, it has been adjusted to the receivable lease rent income.

1.5.3 Inappropriate Evaluation or Estimation

Audit Observation

Comment of the Management

Recommendation

The Commission had not maintained a register containing all the details about the extent of land acres acquired from the date of establishment of the Commission in the year 1972 and the location of each land, the person from whom the acquisition was made, details of the transfer of possession and relevant gazette notification and all information on the disposal of lands, and the Commission was unable to elaborate them by the subsidiary documents. Accordingly, existence and accuracy of the valuation of the acquired lands worth Rs. 676,169,345 shown in the financial statements could not be confirmed in audit.

All details have been computerized under the first stage of the preparation of land register containing all the information. Preparation and update of the land register is in progress at present under the second stage by studying the files available at district level and identifying that information in the field and therefore, action will be taken to carry out land valuation and include them in the financial statements on completion of the preparation of that register.

An updated land register should be prepared without delay.

1.5.4 Lack of Documentary Evidence for Audit

Audit Observation	Comment of the Management	Recommendation
Information such as name list of the lessees, lease agreement, age analysis of the loan, date of lease, applicable period for the lease amount and balance confirmation had not been furnished to audit for the confirmation of accuracy of the receivable quarrying lease, land lease rent, trade and other receivable balances, lease rent received in advance and trade and other payable balances worth Rs. 2,789,025,759 shown in the financial statements.	As action is being taken to update the lease registers of the quarry and other lessees including receivable quarrying lease/receivable land lease rent/ lease rent income received in advance, arrangements will be made to provide relevant lease registers before 30.11.2021. Relevant letters for calling for balance confirmation letters for trade and other receivable accounts and other payable accounts as at 31.12.2020 have been sent with copies to the National Audit Office.	Evidence relevant to the audit should be furnished.

1.6 Accounts Receivable and Payable

1.6.1 Receivables

Audit Observation	Comment of the Management	Recommendation
(a) A sum of Rs.2,127,271,837 older than 30 years and Rs.8,353,409 older than 10 years that remained receivable from 08 public institutions and included in the trade and other receivables totalling Rs.2,609,227,062 as at 31 December of the year under review had not been recovered even by the end of the year under review.	According to the decision taken at the meeting of the Commission held on 20.07.2020, a committee was appointed to look into the further steps to be taken in respect of unidentified debtors balances and based on its recommendations, the matter was referred to the Ministry of Lands on 10.11.2021 to forward a Cabinet paper on the debtors who are responsible for elapsed and large amount of debts.	Action should be taken to recover the receivables or otherwise, to write off them under an acceptable procedure.
(b) Although Rs. 2,311,017 recoverable from leasing of 08 plots of land situated in Gampaha and Kalutara districts remained	The amount due for the block No.7 in the Plan No. 7/1997 of the Brodail Estate in Kalutara district has been paid by the lessee. Although the relevant lessee has been informed to pay the amount due for	Expeditious action should be taken to recover the receivables.

outstanding for more than 20 years, action had not been taken to recover the relevant lease.

the block No. 65/B of Millewawatta No.6550, no indication has been made on the payments. In addition, information of the lessees of the lands of Illimbagahawatta, Brodail Estate, and Kahatagahawatta in Gampaha district cannot be found from the files. Further, a sum of Rs. 112,322 has been recovered from the lessee of the Paluwatta land.

1.6.2 Payables

Audit Observation -----	Comment of the Management -----	Recommendation -----
(a) Although advances of Rs.11,215,815 obtained from 269 persons and included in the land lease rent advance account balance of Rs.14,080,850 as at 31 December of the year under review had been retained for more than a period of 15 years, the Commission had not taken steps to lawfully lease the relevant lands or repay the advances.	The advances obtained for these lands, which were prohibited by a Cabinet decision during 2002-2004, are further shown in the accounts as lease rent advances due to not settling the relevant issue.	Action should be taken to repay the retained advances or lawfully lease the relevant lands.
(b) Although Rs. 582,991 and Rs.157,300 payable to 04 various public and private institutions under the trade and other debt balances had been carried forward for more than a period of 20 years and 13 years respectively, action had not been taken to settle them.	Although balance confirmations are referred to confirm trade and other payable creditors balances each financial year, we are not provided the relevant balance confirmations and therefore, future action will be taken after confirming the balances by visiting each institution.	Expeditious steps should be taken to settle these trade and other debt balances.

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions

	Reference to Laws, Rules, Regulations etc.	Non-compliance	Comment of the Management	Recommendation
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka F.R.371 (5)	Although an ad hoc imprest should be settled within 10 days from the completion of relevant task, delays from 20 days to 290 days had been occurred to settle sub-imprest worth Rs.641,605 paid in 24 instances.	The advances are paid to the relevant officers by making them aware of the terms and conditions to be followed regarding the settlement of advances and it has also been informed to all the staff officers and the Directors of the district offices in writing.	Advances should be settled in terms of Financial Regulations.
(b)	Sections 12.5.4 and 12:7 of Paragraph 12 of Chapter VII of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.	Although an officers serving on the basis of act in a post may obtain 25 per cent of the initial salary of the acting post other than permanent salary and allowances, the officers appointed to act in the post of Director General of the Commission had been paid Rs.747,750 as housing, transport, telephone and entertainment allowances other than the approved salaries and allowances.	During the 9780 th Commission session held on 27.07.2017, the Commission has approved to pay a entertainment allowance of Rs.25,000 and Rs. 15,000 to the Chairman, and Executive Director and Director General respectively. Subsequently, as per the decision of the Commission No. 10111 dated 25.01.2018, the Commission has approved the payment of monthly official housing	Unlawful allowances should be recovered.

allowance to higher ranking officers. Again with the decision of the Commission No. 11006 dated 12.02.2020, the granting of the entertainment and the official housing allowances have been approved. The relevant allowances have been made as per those decisions.

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| (c) | Public Finance Circular No.01/2014 dated 17 February 2014. | Although an action plan was to be prepared including commercial activities expected to be implemented in the coming financial year based on the corporate plan in accordance with the circular, an action plan for the year under review had not been so prepared. | An Annual Action Plan for the year 2020 was prepared and submitted to the 734th Commission Session dated 07.02.2020 and it was directed to submit the Action Plan to the Audit and Management Committee of the Commission. The Audit and Management committee meeting was again held on 24.12.2020 in view of the prevailing Corona situation. According to the instructions received, the revised Action Plan for the year 2020 was approved by the Audit and Management Committee meeting held for the first | An action plan should be prepared before commencing the ensuing year as per the circular. |
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quarter of the year 2021.

- (d) Public Enterprises Circular Circular
- (i) No.PED 12 dated 02 June 2003
- Section 4.2.6
 - Section 6.5.3
- Although the quarterly performance reports should have been submitted to the Line Ministry, the Public Enterprise Department and the Treasury within 30 days of the end of the quarter according to the circular, it was observed at the audit that the management of the Commission had not taken steps accordingly.
- According to the circular, although the Annual Report should be tabled within 150 days after the end of the financial year, no action had been taken to table the Annual Reports for the years 2015, 2016, 2017 and 2018 in Parliament even at the end of the year under review.
- The spread of the Covid-19 epidemic in the country during the year 2020 hampered the functioning of the Commission as well. Under the above backdrop, it was difficult to submit quarterly progress to the Public Enterprises Department and the General Treasury, but quarterly performance has been presented to progress review meetings held from time to time by the Line Ministry.
- Although the Annual Reports prepared for the years 2015 and 2016 were referred to the Line Ministry on 09.08.2018 to table in Parliament, after being informed of its existing deficiencies in the year 2021, the Annual Reports prepared for the years 2015, 2016, 2017, 2018 and 2019 were referred to the Ministry of
- Quarterly reports should be duly submitted.
- Annual Reports should be table in Parliament on time.

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| | | | Lands on 14.07.2021 for tabling. | |
| (ii) | Paragraph 2 of Public Enterprises Circular No. PED 3/2015 dated 17 June 2015 | Although housing and entertainment allowances are not entitled to for the posts of Chairman and Executive Director as per the circular, contrary to that the Commission had paid Rs. 1,200,000 as housing and entertainment allowances during the year under review. | Due to the need to implement the expeditious deed issuance program, the chief officers of the institution have to stay in the vicinity. Therefore, a policy agreement has been given by a Commission decision to lease three houses on a rental basis and accordingly the official housing allowance of Rs. 30,000 has been paid. | Unlawful allowances should be recovered. |
| (e) | Section (b) of the Management Services Circular No.28 dated 10 April 2006. | Although the approval of the Department of Management Services should be obtained for the creation of new posts as per the Circular, without following that requirement, 06 officers had been recruited for the primary grade by the end of the year under review. | The Land Reforms Commission has initiated programmes such as the distribution of land deeds, "Gamata Idam Comisama" mobile program, the Ranbima Navodaya, the Wanaspati Tree Planting Project, etc. by the year 2020 and there was a need for primary staff to carry out such an institutionally expanded tasks. Accordingly, the relevant recruitment has been made with the approval obtained by submitting a Commission paper justifying the need. | Officers should be recruited only for the posts approved as per the circular. |

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| (f) | Guideline 4.2.1 of the Government Procurement Guideline 2006. | Even though the Procurement Plan should be prepared in accordance with the format provided in the Procurement Guidelines, no Procurement Plan had been prepared for the year under review. | According to the 2006 Procurement Guidelines, although the Procurement Plan for the year 2020 was submitted along with the Action Plan, it was referred to the Audit and Management Committee on 24.12.2020 as per the directions of the Commission. After the amendment made therein, it was approved by the Audit and Management Committee meeting held in the first quarter of 2021. | A Procurement Plan should be prepared in accordance with the Procurement Guideline. |
| (g) | Recommendations of the Committee on Public Enterprises dated 23 August 2018 | No action had been taken for the matters such as formal listing of lands, establishment of a special task force to carry out surveys, submitting to the Committee and the Auditor General a report on the action taken by the Commission regarding the inability to recover the debt balance of Rs.2 billion due to shortcomings of the documents, preparation of a methodology for the Commission to receive benefits in respect of non-benefit lands and preparation of a detailed report on lands leased by the Commission to various institutions on the basis of rent arrears. | The Report No. 2/1/231 (II) dated 21.04.2021 on the progress of implementation of the recommendations of the Committee on Public Enterprises dated 18 August 2018 have been forwarded to the Committee on Public Enterprises with copies to the Ministry of Lands and the Auditor General. | Recommendations of the Committee on Public Enterprises should be implemented. |

2 Financial Review

2.1 Financial Results

The operations of the Commission for the year under review had resulted in a surplus of Rs. 285,236,301 as compared with the corresponding surplus of Rs. 1,291,127 for the preceding year, thus observing an improvement of Rs. 283,945,174 in the financial results. This improvement was mainly due to increase in the lease rent of the lands.

3 Operating Review

3.1 Management Inefficiencies

Audit Observation	Comment of the Management	Recommendation
(a) As a Kovil had been unlawfully occupying an extent of 04 Acres and 02 Rood land in the Hali Ela Divisional Secretariat Division in the Badulla District for 31 years from 1978 to 2009, the administration of the Kovil was informed in 2009 that a decision had been reached to charge an administrative fee therefor. Nevertheless, action had not been taken to calculate the relevant fees and inform the Kovil. Further, the Commission had not taken steps to recover the lease amount of Rs. 5,410,964 due from the year 2009 up to the end of the year under review.	Although a decision had been reached at the Commission session held on 02.04.2009 to charge a usage fee for this plot of land, the administration of the Kovil was not informed about that usage fee. The payment of tax had been defaulted demanding that the land be handed over on free hold right at the old assessment value. The Chairman of the Administrative Council has informed us in writing on 09.11.2021 that the arrears will be paid in installments within the year 2021. It is informed that that necessary steps will be taken to submit a decision regarding the usage charges to the Commission and obtain a decision thereon.	Action should be taken in accordance with the existing laws and regulations regarding unauthorized land use and measures should be taken to formalize leases and recover arrears of lease rent.
(b) An extent of 75 acres of land called Kotagalawatta in Mawanella Divisional Secretariat Division in Kegalle District had been leased to a children's home for a period of 30 years and the relevant lease period had come to end in 2009. No action had been taken to recover the lease of Rs. 13,265,485 remained in arrears by the end of the year under review.	This land had been given on lease for a period of 30 years by the lease agreement No. 32 in the year 1979. As lease revision for 5 to 5 years had not been included according to the lease agreement and since this is a children's home maintained for disabled children, a lease of Rs.17,250 per year has been levied for 30 years. The Chairman, Secretary and Accountant of the children's home were summoned to the Head Office on 08.11.1821 and discussed	Action should be taken to lease the land and recover lease in accordance with the existing procedure.

- the matter and they agreed to pay lease from 2009.
- (c) Even though an extent of 6 acres from the land called Leyland Estate in Homagama area had been leased to a private company for 50 years on 09 September 2005, the Commission had not taken action to reach a valid lease agreement even by the end of the year under review and the Commission had failed to recover the outstanding amount of Rs. 12,149,260 in lease.
- The lease amount for 06 acres of land given to the relevant company from Leyland Estate land has been paid without any revision from 09.09.2005 to 09.09.2019. Although the Legal Division was directed to prepare lease agreements for these institutions, the agreements have not been prepared as the lease has not been revised once every 5 years. Hence, it has been referred to the Valuation Department to obtain the revised assessment for every 5 years.
- Action should be taken to lease the land and recover lease in accordance with the existing procedure.
- (d) In addition to giving 10 acres of Mahahentennawatta land in Galle District to a Social Welfare Society for a housing development project under the Enterprise Sri Lanka Loan Scheme, an advance of Rs. 1,000,000 had been granted in 2019 on a repayable basis for 6 months at 10 per cent annual interest by an agreement to develop the infrastructure of the relevant land. The relevant housing project had not been implemented even by the end of the year under review, and the Commission had not taken action to recover the advance or interest.
- Although a sum of Rs. 1,000,000 has been issued to a Social Welfare Society on 26 March 2019 to grant 10 acres of Mahahentenna estate and to implement that project on recoverable basis with 10 per cent administrative fee, the legal division is taking legal action against the society for its failure to repay the money despite being informed the Society in writing to repay the money. A letter of demand has been sent to the Society for this purpose.
- Disposal of land should be carried out in accordance with existing laws and regulations and advances given to outside parties should be settled immediately.
- (e) A land of 5 acres and 20 perches in Ulapane Industrial Estate was leased to a private company as per the agreement signed on 23 September 2009. On 19 April 2016, the bank had informed the relevant company, along with a copy to the Commission, that it had been decided to sell the mortgaged property at auction due to default on a loan obtained from a private commercial bank by the lessee. Nevertheless, the
- Although steps have been taken to lease an area of 01 Acre 05 Rood and 20 Perches in Plan No. 283 Lot No. 01 in Ulapane Industrial Estate to a private company, it has been informed in the negotiations that it is not possible to pay the lease despite discussions with the lessee on several occasions regarding the recovery of arrears due up to 2019. However, as the lease has to be recovered, it has been referred to the Legal Division for legal action and a letter of demand has been issued to the relevant lessee at
- The leasing of land and collection of lease should be done in accordance with the existing system of the institution and the method of granting permission of the Commission to produce the lease as the guaranty should be amended

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| <p>Commission had not taken action to settle the land in consultation with the Bank and to recover the lease arrears of Rs. 1,340,162 at the end of the year under review.</p> | <p>present.</p> | <p>to ensure that the lease continues to be received.</p> |
| <p>(f) An extent of 04 acres out of the land called Kirimuttawatta in Batticaloa District was leased to a private company in 2011 for a period of 30 years. Although the company had informed the Commission by letters on two occasions in 2016 to recover the possession of the land due to difficulties in carrying out the project, the acquisition of the land had been delayed until 2018. Due to the delay, it had been unable to recover the outstanding lease of Rs. 2,139,879 for the period 2016 to 2018 from the company and had lost the opportunity to lease the land to another party during the relevant period.</p> | <p>The relevant leasing company had informed the Commission on 13.01.2016 and 18.03.2016 to take possession of the land and on several occasions the District Director had gone to the land to recover the possession but due not being removed the machinery of the land and no one had presented, it had not been possible to recover the possession. As the production process did not take place during the period from 22.02.2016 to 11.08.2018, a decision had been reached during the 712th session of the Commission held on 02.08.2018 to exempt the company from payment of arrears of Leases</p> | <p>Action should be taken to recover lease in accordance with the normal leasing system of the Commission.</p> |
| <p>(g) The land of 02 Acres 03 Rood 37.13 Perches depicted as plot number 01 in the Plan 2011/133 belonging to Akurambadawatta land in Pallepola Divisional Secretariat Division in Matale District had been given on lease basis to the Pallepola Pradeshiya Sabha for a period of 30 years from 2007 for construction of a playground. The assessment had been called for from the Chief Government Assessor for the relevant lease on 15 August 2012, that is, four years after the handing over of the possession, and the outstanding lease of Rs. 2,242,000 at the end of the year under review had not been recovered.</p> | <p>The amount of lease applicable for 5 years from 2007 to 2012 had been notified to the Pradeshiya Sabha on 27.08.2013. Due to non-payment of that amount, on 18.10.2017 and 12.02.2018, the relevant amount of lease for those years had also been mentioned and informed to pay the lease. Pallepola Pradeshiya Sabha been informed that it is not possible to pay leases as it is a Pradeshiya Sabha earning a low income. Accordingly, a request has been made to transfer this playground by a freehold deed based on the undeveloped valuation of the land. A decision is due to be taken in the future to present to the Commission whether the decision taken by the Commission to transfer the relevant land on a lease basis by obtaining information will be amended and transferred the land through sale.</p> | <p>Lease should be duly recovered from the lessee.</p> |

- (h) The extent of 02 Rood, 9.94 Perches of land in Kalawilawatta in Kalutara District, had been leased to a private company by the lease agreement No. 8502 of 19 September 2001 for the construction of a tourist resort. Although the Company had informed on two occasions in 2001 that the land was being occupied by unauthorized persons, the Commission had not taken any action in this regard. The relevant company had defaulted on leases since 2002 and the lease that remained payable as at the end of the year under review was Rs.23,894,700.
- As the valuation of the Chief Assessor for this land was received on 14.05.2019, it has been notified to the lessee on 25.06.2019. Although the lease agreement for this land included a condition that the lease would be amended once every 5 years, this revised lease amount was included in the final accounts as there was a legal issue regarding the recovery of the revised lease due to the not entering into a new agreement at that time. However, the lessees have been informed of the amount of the lease and advice has been obtained for further action by referring the matter to the Legal Committee.
- A formal process should be developed and implemented with the assistance of field inspectors.

3.2 Operating Inefficiencies

Audit Observation -----	Comment of the Management -----	Recommendation -----
A sum of Rs. 33,503,021 had been paid to the Licensed Surveyors who had surveyed the lands subject to reimbursement at the time of surveying and regularizing the lands of the Commission. Despite the Commission's expedited deed issuance programme, only Rs. 945,323 of the above amount had been reimbursed by the end of the year under review	These surveys have been carried out in accordance with a decision given in relation to the 9980 th Commission Paper of the Commission session held on 23.11.2017. As the issuance of deeds has been expedited at present, the fees paid by the Commission for surveying are being charged from the land owners.	Funds of the Commission should be utilized economically and issuance of deeds should be expedited and survey charges should be recovered.

3.3 Transactions of Contentious Nature

----- Audit Observation -----	----- Comment of the Management -----	----- Recommendation -----
The Commission had not taken steps to recover the Rs. 17,000,000 paid to a private company in 2002 for the purchase of a computer software package or to obtain the relevant software package even by the end of the year under review.	The Criminal Investigation Department as well as the Commission to Investigate Allegations of Bribery or Corruption have carried out relevant investigations into the payment of this advance of Rs. 17 million and informed the Land Reforms Commission in writing that. "As there is no substantial evidence to file a case in court under the Bribery Act and prove it beyond a reasonable doubt, the Commission to Investigate Allegations of Corruption has decided on 23.11.2013 not to take any further action."	The relevant amount or software should be obtained.

3.4 Human Resource Management

----- Audit Observation -----	----- Comment of the Management -----	----- Recommendation -----
The Commission had not taken action to fill the 49 vacancies, including 03 senior level officers and 12 middle level officers, or to revise the posts as per the requirements even by the end of the year under review.	At present, the Land Reforms Commission is taking steps to create the new scheme of recruitment by reviewing the approved cadre and the number of staff approved by the 2018 Cabinet Decision and to revise the approved cadre based on the expanded role of the Commission.	Action should be taken to fill the existing vacancies or to revise the posts as per the employee requirements of the Commission.